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Rationalizing Medicare's payments for post-acute care

ISSUE: This paper explores preliminary issues with narrowing prices between inpatient rehabilitation facilities (IRF) and skilled nursing facilities (SNF) for conditions that are treated in both settings and reports on CMS' progress with developing a common patient assessment tool for post-acute care (PAC) settings.

KEY POINTS: The Commission has taken the position that Medicare reform its payments towards integrated payment and delivery systems that base payments on beneficiary characteristics, rather than on setting or services furnished. The results from CMS's PAC demonstration suggest a common assessment tool and case-mix system are feasible. Broad payment reform for PAC has many challenges but, in the near term, CMS could pursue a strategy to narrow the price differences between IRFs and SNFs. Both providers focus on institutional rehabilitation services and there is overlap in some of the patients they treat.

ACTION: Commissioners should provide feedback on next steps for work advancing an integrated assessment approach and common payment system for some or all of the PAC silos.

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